

DEPARTMENT OF STATE
WASHINGTON

WITH HOLDING

UNCLASSIFIED

August 10, 1950

FEDERAL INCOME TAX LIABILITIES OF CERTAIN
UNITED STATES GRANTEES AND EMPLOYEES OF
FOUNDATIONS AND COMMISSIONS, UNDER THE
FULBRIGHT ACT (P.L. 584 - 79th CONGRESS)

To

Certain American Diplomatic Officers.

The Secretary of State refers the officers in charge to the program of educational exchanges under Public Law 584, 79th Congress, the "Fulbright Act", and in particular to the United States Income Tax obligations of United States citizens awarded grants in the visiting lecturer and teacher categories; also employees of Foundations and Commissions who are United States citizens. This matter has been the subject of extensive study, conferences, and correspondence by officers in the Department and the Treasury Department. Copies of letters exchanged between the two Departments are enclosed for the guidance of all concerned.

It is essential that all United States grantees and employees connected with the Fulbright Program should act on the assumption that no change in the present tax situation should be expected during the remainder of this year and the current session of the Congress.

All affected grantees and employees, who are citizens of the United States, are to be guided by their own interpretations of the Treasury Department's letters, with the aid of such private counsel as each may see fit to employ. The filing of their individual returns remains a personal responsibility.

Copies of the Department's letters to the Treasury Department are for the information of the Embassies and Foundations only and are not to be reproduced for distribution to grantees.

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Please request each Foundation and Commission to take the following action:

1. Reproduce the Treasury Department letters of February 20 and June 27, including the enclosure to the second letter, and deliver copies of them to every United States visiting lecturer and teacher (a) under the 1949 program whether still on grant or returned to the United States; and (b) under the 1950 program. Similar information should be furnished each United States employee of the Educational Foundations and Commissions.

2. Furnish to each taxable United States grantee (professor-lecturer or teacher) and employee who has been or is now under its jurisdiction a statement for use in connection with filing his United States Income Tax returns showing income, i. e., maintenance allowances, stipends, or, in the case of employees, salaries from Fulbright funds paid to them in each calendar year during all or part of which these persons received such income. These statements should be issued by the appropriate officer of the Foundation or Commission staff who has knowledge of the facts.

Enclosures:

1. Letter, State to Treasury, December 5, 1949.
2. Letter, Treasury to State, February 20, 1950.
3. Letter, State to Treasury, April 20, 1950.
4. Letter, Treasury to State, June 27, 1950, and enclosure.

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This instruction is being sent to the following Foreign Service posts:

MISSIONS

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